

# EDUCATION STIMULUS WATCH



AMERICAN ENTERPRISE INSTITUTE

SPECIAL REPORT 1

**"We want you to hold us accountable** and make sure that not only is every dollar wisely spent, but these dollars are significantly improving the life chances of children."**"**

**Secretary of Education Arne Duncan**

Briefing to education associations at the Department of Education, April 3, 2009

## \$100 BILLION

### For reform . . . or to subsidize the status quo?

By Andy Smarick

*This is the first in a quarterly series of special reports on the K–12 education implications of the federal government's economic stimulus package, the American Recovery and Reinvestment Act (ARRA). Look for Andy Smarick's continuing watch on education stimulus dollars at The American's Enterprise Blog at <http://blog.american.com>.*

That the ARRA, which was signed into law in February, will pump nearly \$100 billion—an unprecedented sum of federal money—into K–12 education is not in doubt. Nor is the legislation's potential to play a uniquely influential role in the affairs of districts and schools. What is at issue is the substance of that role.

Since congressional deliberations began, much of the commentary about the ARRA has suggested that it will contribute mightily to the ongoing efforts to improve America's schools. The *New York Times* reported on Democratic congressional leaders' vigorous efforts to craft the law in a way that would ensure that the funding would be used for reform.<sup>1</sup> Since its passage, Secretary of Education Arne Duncan has said many times that ARRA

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education funds must drive improvement. Significant media and education industry attention has been paid to the law's "Race to the Top" and "What Works" funds, billions of dollars designed to launch new initiatives and scale up those already working.

For these reasons, the law's education components have been depicted as potentially among the most important engines for education reform in generations. This special report approaches these claims with a critical eye and ultimately concludes otherwise. Though some congressional leaders may have thought they were writing a blueprint for reform, what resulted was quite different. And while Secretary Duncan, to his credit, has spoken passionately and often about the need for improvement, the tools he was handed were cracked and dull.

In short, at this point the enthusiastic predictions about the ARRA's contributions to K–12 education reform should be approached with skepticism. The law's provisions and their interpretation by the Department of Education erect significant barriers to reform. Moreover, additional conditions on the ground make those obstacles even higher. At this early date, it appears that we must adjust our expectations about the ARRA's ability to generate the types of improvements our schools so urgently need.

## "Spend funds quickly to save and create jobs"

In June 2009, with the first signs of economic recovery on the horizon and the Department of Education's consistent talk of education reform, it is easy to forget that the ARRA was built, first and foremost, to jolt the economy into recovery. The Department of Education's official ARRA documents, such as fact sheets and program descriptions, list as the first principle, not teacher quality, charters, academic standards, or student performance but "spend funds quickly to save and create jobs." Recipients are urged "to promptly begin spending funds to help drive the nation's economic recovery."

With stimulus and stabilization as its primary goal, the ARRA allocated a significant portion of its total funding to America's education system for several reasons. First, K-12 and higher education represent a very large part of the nation's economy; nearly a trillion dollars travel through this sector each year.<sup>2</sup> Second, since education is typically among the largest line items in state and local budgets, reduced tax revenues resulting from the recession threaten to disproportionately and appreciably affect school spending.<sup>3</sup> Third, since K-12 education employs so many Americans, substantial job losses in the sector would reduce the spending power of countless families, thereby further compromising the economy.<sup>4</sup>

But those crafting the legislation were not just concerned with *where* ARRA money was spent; they were also focused on *when*. Many economists have noted that previous U.S. stimulus plans were not passed and administered swiftly enough to forestall or end recessions, and a number of state leaders emphasized the necessity of getting aid immediately.<sup>5</sup> With these considerations in mind and numerous economists forecasting this downturn to be among the worst in a century, congressional deliberations focused on how to ensure that funds reached recipients as quickly as possible, avoiding "administrative delay" on the federal level and "behavioral lag" on the local level.<sup>6</sup>

Whether Congress succeeded on these particular grounds is not our primary concern here. That is, determining whether the ARRA's provisions ensured that

funds were swiftly obligated, that jobs were protected, or that the economy was stimulated will be up to economists over the months and years to come.

However, it is essential for those interested in education policy to keep the above conditions in mind because the desire to move substantial funding through U.S. schools, backfill education budget holes, protect current jobs, and get money out swiftly had a direct impact on which existing education programs were used, what new education programs were created, how departmental guidance was written, and so on. And all of these factors will have an enormous influence on what is our primary concern here—whether the ARRA will lead to improved student achievement in America's schools.

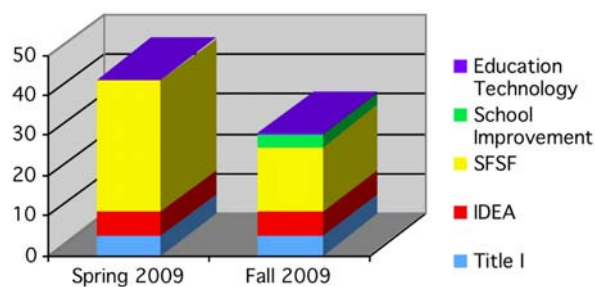
## Recovery-First Funds

For the reasons cited above, the ARRA's education package sought to prioritize job protection, budget filling, and speedy delivery of dollars. Accordingly, the vast majority of funds share critical characteristics related to these goals. This large category of programs can be thought of as "Recovery-First Funds."

Recovery-First Funds represent nearly \$75 billion of the ARRA's approximately \$80 billion that will be directed to primary and secondary schooling.<sup>7</sup> Much of this money is being distributed now—to inject funding into the economy rapidly—with a second batch to be sent to states in the fall. The funds will be dispensed through formula-based programs (instead of grant competitions), a mechanism that allows funding to flow to recipients quickly.

Nearly all Recovery-First Funds will be distributed through three programs: the newly created State Fiscal Stabilization Fund (SFSF), the Individuals with Disabilities Education Act (IDEA), and Title I. Approximately \$44 billion is being distributed now, and a second wave of about \$30 billion will be made available in the fall.<sup>8</sup>

Recovery-First Funds (\$ in billions)





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The SFSF, at approximately \$50 billion, represents the lion's share of Recovery-First Funding. It was specifically designed to fill recession-caused gaps in state and district pre-K, K-12, and higher education budgets.<sup>9</sup>

Additional steps were taken to ensure these funds hit the national economic bloodstream quickly. States were not required to apply for the first round of Title I and IDEA funds; awards were made through existing formulas and provided under each state's current program agreements. The Department is also encouraging states to push these funds to Local Education Agencies (LEAs) expeditiously and urging districts to use the funds as quickly as possible.

The same themes apply to SFSF funds. A population-driven formula determines state allotments, and the Department developed a "streamlined, user-friendly process" for distributing funds. Two weeks after completing a simple application (made available on April 1), states receive their shares.<sup>10</sup> Governors are encouraged to spend the funds as quickly as possible.

### Reform as Secondary Goal

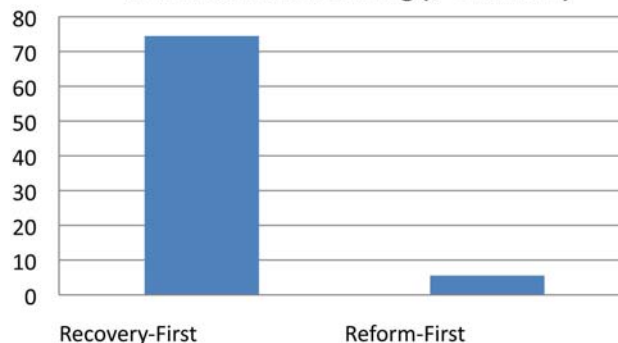
There is a broad national consensus that our K-12 system needs fundamental improvement. Therefore, such a huge new influx of education funds would surely be met by a strong public desire to have change, not maintenance of the status quo, result. ARRA proponents argue that this focus on reform has been reflected in three ways.

First, the legislation included a second category of programs that can be thought of as "Reform-First Funds." This group includes the \$5 billion "Race to the Top" program, which includes \$4.35 billion for reform initiatives in approximately a dozen states and the novel \$650 million "Innovation Fund," which will seek to scale up already successful initiatives. Three smaller, more targeted programs totaling \$550 million are also included.<sup>11</sup>

These funds differ from Recovery-First Funds in that they are much smaller in dollar amounts, have a delayed disbursement schedule (late fiscal year 2009 and fiscal year 2010), will be awarded through a competitive process instead of via formula, and are not explicitly designed to fill budget holes or protect jobs.

Second, the Department has emphasized that the legislation requires that, when applying for SFSF dollars, governors sign "assurances" committing their states to advancing reform in four areas: teacher quality,

ARRA Education Funding (\$ in billions)



data, standards and assessments, and assistance for struggling schools.

Third, the Department has repeatedly threatened to make states all but ineligible for Reform-First Funds if they use Recovery-First Funds in ways inconsistent with K-12 reform and improvement. Secretary Duncan has consistently stated that a state's application for the competitive Race to the Top fund in late 2009 will be at a significant disadvantage if that state has used its share of SFSF, IDEA, and Title I funds only to protect jobs and maintain the status quo.

### The Challenges to Reform

Those most optimistic about the ARRA's education components expect that states and districts will use Recovery-First Funds in reform-minded ways thanks to a combination of noble intentions, the assurances in the SFSF, and the threat of becoming ineligible for Reform-First Funds. They also expect the Race to the Top fund to transform school performance.

Despite these three claims, a closer analysis suggests there are a number of substantial obstacles standing between the ARRA and meaningful reform of our nation's schools. Specifically, there are many reasons to believe that Recovery-First Funds will not be used in reform-oriented ways and that the effects of Reform-First dollars will be less powerful than originally envisioned.

#### 1. Stabilization versus Reform

The Department has sent mixed signals to fund recipients; it wants them to spend dollars quickly and immediately to save jobs while also carefully devising thoughtful reform strategies that invest in the future. While this clearly represents cognitive dissonance on the part of the federal government and causes headaches for state and



local leaders willing to follow Washington's guidance, there is a more serious problem: in important ways, stabilizing our education system and reforming it are opposed objectives.

Arguably, the ultimate intention of the ARRA's Recovery-First programs was to hold states and districts harmless from the effects of the recession. It sought to fill budget holes and protect jobs and programs so that the education world would look and behave as it would have had the downturn never occurred. But accomplishing this goal and fundamentally reforming the education system to look and behave differently are, of course, two entirely different things.

Were this the only challenge, states and districts would merely need to choose between maintaining the status quo and embracing change, and some may have chosen the latter. But by trying to protect cash-strapped school systems by providing such an enormous influx of funds, the federal government may have unintentionally delayed or inhibited crucial reforms that would have been possible had the full financial effects of the recession not been mitigated.

As business scholars Clayton M. Christensen and Michael B. Horn and education experts Michael J. Petrilli, Chester E. Finn Jr., and Frederick M. Hess have pointed out, budget shortfalls would have forced states and districts to make difficult but much-needed decisions, such as prioritizing programs and reconsidering staffing patterns.<sup>12</sup>

For example, because teacher positions have grown twice as fast as student enrollment in recent decades, America's schools employ well over 3 million teachers. A district could have used the possibility of impending layoffs as an opportunity to remove its most ineffective teachers from the classroom or to renegotiate contract provisions on "last-hired, first-fired" or performance pay.

States and districts also could have used difficult budget conditions to close persistently low-performing and under-enrolled schools, force changes in excessively expensive pension programs, or launch less labor-intensive initiatives like online learning programs. Beyond stalling these reform opportunities, the ARRA may ultimately make future reforms more difficult to the extent they fund and therefore help sustain policies and practices antithetical to long-term improvement, such as strict salary schedules and choosing teacher quantity over quality.

## 2. New Funds, Old Formulas

The legislative language governing the use of Recovery-First Funds prioritizes programmatic

compliance, job protection, and budgetary support ahead of systemic reform. The federal guidelines for IDEA and Title I funds make clear that these dollars must be used in a manner consistent with program specifications. These are explicitly Title I and IDEA program dollars, not funds tailored to a specific proven or promising reform area.

Although it is possible that some reform-minded state and local leaders will use these funds to support valuable initiatives, tens of billions of dollars have flowed through these programs over decades, and history suggests that they have not always been engines of innovation and improvement. The Department broadcast its own concern about this matter by taking the highly unusual step of publishing a document that gives districts and schools ideas on how to use these program dollars in reform-oriented ways.<sup>13</sup>

SFSF dollars may suffer the same fate. By law, states must first use these funds to fill in existing budget holes. Instead of encouraging state leaders to develop new, reform-oriented initiatives or leverage the economic downturn to alter fundamentally aspects of K–12 education, this program was designed to stabilize school systems and their budgets. Rather than allowing states to reconsider how they allocate resources, states must use their existing formulas. And, instead of allowing states to use dollars remaining after budget gaps are filled to develop, incubate, and launch reforms, the program requires those funds to be allocated to districts by formula.<sup>14</sup>

Once stabilization funds reach LEAs, they may be used for activities authorized by four major federal education laws, including the Elementary and Secondary Education Act.<sup>15</sup> While this may provide some flexibility, it will not necessarily drive reform. Given the longstanding, ongoing need for K–12 reform, skepticism is warranted regarding State Education Agencies' (SEA) and LEAs' ability to use funds under these programs to bring about major change and improvement. For example, Kentucky and Maryland have already spent \$1.8 million and \$1.2 million in ARRA funds, respectively, for school cafeteria equipment.<sup>16</sup> Because of the ARRA's statutory language, there are likely to be more examples of permissible uses of funds that have little to do with reform and improvement.

## 3. One-Time Money

As the administration has consistently emphasized, the ARRA provides one-time funds. Were state and district





leaders inclined to pursue reform, many would be rightfully dissuaded by the “funding cliff” on the horizon. Since reform initiatives require sustained effort, continued spending is unavoidable.

This is clearly on the minds of state leaders. As a Kansas state senator said, “there is no avoiding the crater when the federal faucet shuts off.”<sup>17</sup> Similarly, the Minnesota House Speaker remarked, “one-time money ends. . . . When it ends, and the music stops, there are a whole bunch of people left with no chair to sit on here.”<sup>18</sup> Washington, D.C., schools chancellor Michelle Rhee agreed: “We don’t want to be in a position of bringing in this huge amount of money and then having to lay people off in two years after the money runs out.”<sup>19</sup>

This funding cliff was part of the calculus of those governors who considered rejecting ARRA funds. Governor Sarah Palin explained, “We won’t be bound by federal strings in exchange for dollars, nor will we dig ourselves a deeper hole in two years when these federal funds are gone.”<sup>20</sup> Similarly concerned about incurring future costs, Governor Mark Sanford of South Carolina sought (and was denied) permission to use his state’s federal stimulus funds to pay down school-related debt.

A recent Government Accountability Office (GAO) report confirmed that the cliff could prove be a substantial barrier to reform. In its early analysis of states’ uses of SFSF dollars, the GAO provided an example of the tension, “U.S. Department of Education guidance allows school districts to use stabilization funds for education reforms, such as prolonging school days and school years, where possible. However, officials said that Illinois districts will focus these funds on filling budget gaps rather than implementing projects that will require long-term resource commitments.”<sup>21</sup>

## 4. Vested Interests

Many local advocacy organizations are committed to maintaining and augmenting the status quo. In instances where reform-minded local leaders hope to launch innovative initiatives, organizations with vested interests may construct impassable roadblocks.

Unsurprisingly and understandably, teachers unions have placed intense pressure on policymakers to use SFSF funds solely to restore jobs and prevent layoffs. The California Teachers Association organized a “Pink Friday” rally—everyone was encouraged to wear pink—to protest pink slips.<sup>22</sup> In Pontiac, Michigan, the teachers union is pursuing legal action

against the district for layoffs. An attorney representing the local union explained, “We’ve advised the district of why we don’t think their plan comports with the conditions of the (collective bargaining) agreement, and we expect them to comply before implementing such a plan to make sure teachers’ rights, as well as the rights of the children, are protected.”<sup>23</sup>

In other states, interest groups are supporting similarly adult-oriented plans, including using SFSF funds to bolster teacher pension funds. Montana, for instance, proposed dedicating \$43 million of its share to the teachers’ pension system, which had lost hundreds of millions of dollars in recent months.<sup>24</sup> Some in Michigan have also proposed using SFSF funds to shore up teacher pensions.<sup>25</sup> Meanwhile, the Utah Education Association is running television commercials recommending that policymakers use stimulus funds to restore education cuts to prevent layoffs.<sup>26</sup>

While it is tempting to accuse these interest groups of standing in the way of reform, looked at another way, they are merely reflecting congressional intent. That is, they are not thwarting education reform legislation; they are advancing job protection legislation. In other words, union activity with regard to the ARRA says as much about the jobs-over-reform bent of the ARRA as it does about unions.

## 5. Limited Leverage

Ultimately, if state and district officials decide to use Recovery-First Funds for nonreform purposes, the Department has little recourse. Though Secretary Duncan has been clear that recovery and reform ought to go hand-in-hand, he lacks the tools to ensure that reform is an equal partner.

As mentioned, IDEA and Title I funds have allowable uses, which, as implemented by recipients to date, have not achieved the reform results the nation has desired. Districts have the statutory authority to use these additional funds in nonreform ways as long as they are consistent with program specifications.

At first blush, the SFSF appears to give the Department more power. In order to receive the first batch of these funds, governors must make several “assurances” in their applications, including statements promising future progress on four reform fronts: teacher quality, data systems, standards and assessments, and school turnarounds.<sup>27</sup>

However, the influence of these assurances will likely be limited for several reasons. First, they do not address many of the real barriers to reform. For example, the



assurance on teacher quality does not even mention collective bargaining agreements, much less provisions related to tenure, seniority bumping (the right of veteran teachers to displace less experienced teachers from desirable positions), or performance pay. Other issues, like charter school caps and obstacles to No Child Left Behind public school choice, do not appear in the assurances.

Second, astonishingly, states need not specify in their applications how they intend to meet the goals in the assurances or how the SEA or LEAs will use SFSF dollars. All of the state applications submitted as of May included no details whatsoever on how states intend to spend their share of this \$50 billion to bring about the reforms in the assurances.

Third, while governors are required to promise progress, they have no way to prove they have made any. As mentioned, funding will flow to districts automatically and by formula; governors cannot favor reform-minded districts or punish the recalcitrant. They also cannot direct how funding is spent. Official federal guidance makes this prohibition explicit.

*III-D-14. May a Governor or State education agency (SEA) limit how an LEA uses its Education Stabilization funds?*

No. Because the amount of Education Stabilization funding that an LEA receives is determined strictly on the basis of formulae and the ARRA gives LEAs considerable flexibility over the use of these funds, neither the Governor nor the SEA may mandate how an LEA will or will not use the funds.<sup>28</sup>

So while Secretary Duncan's stern public conversations about reform with Governors Ted Strickland and Jennifer Granholm and others during his recent "Listening and Learning" tour may be right on the substance, they amount to pressure misapplied. Because of statutory language and his department's guidance, these state executives cannot compel their districts to spend stimulus money wisely.

Furthermore, although the Department is holding back one-third of SFSF funding, ostensibly to ensure that the first wave is used for reform, remarkably, the Department plans to provide the remaining funds to states regardless of their progress on measures of reform. In a startling letter to governors on April 1, Secretary Duncan wrote,

States are not required to demonstrate progress in order to get phase two Stabilization funds. We are

only asking states to ensure that states have in place systems to report on final metrics that are developed through rulemaking so that parents, teachers, and policymakers have clear and consistent information about where our schools and students stand.<sup>29</sup>

Were the Department to find a state's application insufficiently reassuring on reform, departmental officials may still find their hands tied. The Department has committed to making funds available two weeks after applications are submitted. States—already aware of their allotments, made public through congressional and departmental documents—have made plans based on the amount and timing of expected funds.

For example, budget committees from both houses of the Texas legislature crafted spending plans assuming receipt of \$3.2 billion in SFSF funds before the federal application was even released.<sup>30</sup> Under other circumstances, the Department would have the time and ability to negotiate an improved application, but the exigencies of the current environment make that considerably less likely.

Though federal education funds are seldom withheld from recipients for obvious political reasons, this does remain an option. However, given that the paramount purpose of the SFSF is to inject funds quickly into the economy, exercising this option would be difficult. Indeed, Secretary Duncan has yet to withhold funding despite increasing reports that federal dollars will be used for jobs instead of reform, but he did seek to force South Carolina's governor to spend federal funds that he was inclined to reject.

Since their quiver of formal powers appears empty, administration officials are resorting to rhetorical weapons. President Obama has warned that if funds are not spent wisely, "we will call it out, and we will publicize it."<sup>31</sup> Vice President Joe Biden and Secretary Duncan have promised to "embarrass" those that misspend ARRA funding.<sup>32</sup> It remains to be seen whether the threat of public scolding will be sufficient to oblige state and local leaders to pursue reform.

## 6. Enticing with a Dime after Giving a Dollar

Unfortunately, the Department not only has few "sticks" to mandate reform; it also has few "carrots." The Department hopes to ensure reform-oriented behavior by enticing states and districts with Reform-First dollars. Whereas Recovery-First Funds are allocated by formula, the Department will decide who receives grants from Reform-First programs.<sup>33</sup> The Secretary has indicated that proof of using previously distributed Recovery-First



Funds to achieve reform goals will be a major factor when the Department considers where to direct discretionary dollars.

States that are simply investing in the status quo will put themselves at a tremendous competitive disadvantage for getting those additional funds. I can't emphasize strongly enough how important it is for states and districts to think very creatively and to think very differently about how they use this first set of money.<sup>34</sup>

However, it is hard to entice someone with a dime when you have already given him a dollar. State and local leaders have a clear understanding of the recession's consequences for their education budgets. They will have equally clear ideas for how their share of the \$75 billion of Recovery-First Funds should be used to mitigate those effects.

If those ideas are aligned with the Department's or if they can be slightly modified to meet the Department's criteria, states could be expected to compete for a share of this \$5 billion discretionary fund. But if a state's intentions for its Recovery-First Funds (an amount that will be much larger than any potential grant under a Reform-First program) do not align with federal expectations, it seems unlikely that it would substantially modify its plans. That is, if a state could use \$250 million exactly as it wants, or use \$250 million in ways it does not want so it could access an additional \$25 million, logic dictates that it would choose the former.

While we should expect states to frame their decisions as closely aligned with federal expectations and to adjust their plans slightly if doing so would garner departmental favor, there seems to be less reason to anticipate that the prospect of accessing these discretionary funds will significantly alter state behavior. Indeed, despite Secretary Duncan's insistence that the Department will consider the strength of state charter laws when considering grant applications, as of June, none of the ten noncharter states had passed a law and only one of the two dozen states with charter limits had raised its cap.

## 7. Two Buckets into the Sea

Reform-First Funds were designed to generate meaningful changes in K–12 schooling, but because of the nature of these programs and certain provisions within the law, we should limit our expectations regarding the ability of these discretionary programs to bring about drastic and widespread reform.

Though \$5 billion is an extraordinary amount of money, it pales in comparison to the combined budgets

of America's K–12 education system. The Department estimates that \$667 billion will be spent on K–12 education during the 2008–2009 school year, so the much-heralded "Race to the Top" fund will represent less than three-quarters of 1 percent of education funding during its single year of duration.<sup>35</sup>

Second, as mentioned earlier, these are one-time funds, so if recipients are to be successful, they must somehow devise a strategy for generating beneficial, sustainable, long-term reform through a sudden, short-lived influx of funds.

Third, the law employs a flawed strategy for sustaining reform. As Jay P. Greene's insightful study "Buckets into the Sea" found, private giving contributes less than half of 1 percent of total K–12 spending annually. Therefore, Greene reasons, in the world of education, private funding is best used when applied as a lever to "redirect how future public expenditures are used." In other words, the key to education reform is changing how the ocean of education funds—state and local dollars—is allocated.<sup>36</sup>

All ARRA funds, however, *avoid* committing states and districts to altered future spending. Seeking to compensate for the lack of ongoing support after stimulus funds run their course, Congress required Reform-First applicants to demonstrate support from private funders (as evidence that the project would be financially sustainable over time). As a result, the ARRA uses a small amount of federal funds as a lever to change the direction of an even smaller amount of private funds. The result: two buckets into the sea. And since the recession has cut deeply into the endowments of foundations, philanthropic support in coming years will be reduced, potentially further limiting the long-term influence of Reform-First Funds.<sup>37</sup>

## Conclusion

The overriding purpose of the ARRA was to stimulate the economy, and the vast majority of its funding streams passing through education were designed to serve this purpose. To accomplish this, many existing formula-based programs were utilized and job protection and quick dissemination of funds were prioritized.

It appears that during deliberations some members of Congress and administration officials sought to add reform as a subsidiary goal of ARRA education funding. The assumption was made that stimulus and reform could easily go hand-in-hand. However, the story is more

complicated than that. In fact, by trying to ensure the former, the latter appears to have been inhibited in a number of formidable ways. At this admittedly early date, it seems that the influence of the bulk of ARRA education funds will be determined by local leaders preoccupied by short-term considerations such as budget shortfalls and job losses. Additionally, these decisions will be subject to the same politics, interest groups, and government sensibilities that have driven decisions on hundreds of billions of dollars in previous federal aid.

While some local leaders may use these dollars to fund promising reform initiatives, the history of federal education funding and the language within the stimulus package strongly suggest that these will be the exceptions, not the rule. For these reasons, despite high hopes and buoyant predictions, the ARRA has gotten off to an inauspicious start.

## Notes

1. Sam Dillon, "Education Standards Likely to See Toughening," *New York Times*, April 14, 2009.
2. U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics* (Washington, DC: Department of Education, 2007), table 26, available at [http://nces.ed.gov/programs/digest/d07/tables/dt07\\_026.asp](http://nces.ed.gov/programs/digest/d07/tables/dt07_026.asp) (accessed June 18, 2009).
3. One study estimated that schools might suffer a nearly 20 percent drop (\$54 billion) in state funding through fiscal year 2010. Marguerite Roza, *Projections of State Budget Shortfalls on K-12 Public Education Spending and Job Loss* (Seattle, WA: Center on Reinventing Public Education, February 2009), available at [www.crpe.org/cs/crpe/view/csr\\_pubs/266](http://www.crpe.org/cs/crpe/view/csr_pubs/266) (accessed June 18, 2009).
4. It was estimated that the downturn could put at risk 574,000 school-related jobs, approximately 9 percent of total K-12 employment. Marguerite Roza, *Projections of State Budget Shortfalls on K-12 Public Education Spending and Job Loss*.
5. Bruce Bartlett, "Maybe Too Little, Always Too Late," *New York Times*, January 23, 2008.
6. Jane G. Gravelle, Thomas L. Hunderford, and Mark Labonte, *Economic Stimulus: Issues and Policies* (Washington, DC: Congressional Research Service, January 9, 2009), available at <http://wikileaks.org/leak/crs/R40104.pdf> (accessed June 18, 2009).
7. Other ARRA education programs are aimed at higher education; for example, increased funding for Pell Grants.
8. Other Recovery-First Funds include School Improvement Grants and Educational Technology State Grants.
9. In total, \$48.6 billion will be delivered to governors, with \$39.8 billion devoted to early learning through higher education. An additional \$8.8 billion can be used for education or other purposes such as public safety.
10. Interestingly, a state's level of need will not play into these calculations. Sixty-one percent of a state's allocation will be based on its relative population of individuals age five to twenty-four, and 39 percent will be based on its relative shares of total population.
11. Statewide Data Systems, the Teacher Incentive Fund, and Teacher Quality Enhancement.
12. Clayton M. Christensen and Michael B. Horn, "Don't Prop Up Failing Schools," CNN.com, June 2, 2009; Michael J. Petrilli, Chester E. Finn Jr., and Frederick M. Hess, "Silver Cloud, Dark Lining," *National Review Online*, January 8, 2009.
13. U.S. Department of Education, "American Recovery and Reinvestment Act of 2009: Using ARRA Funds to Drive School Reform and Improvement," April 24, 2009.
14. Based on relative Title I share.
15. See State Fiscal Stabilization Fund guidance, III-D-1 and III-D-6. The other laws include the Individuals with Disabilities Education Act, the Adult Education Act, and the Perkins Act.
16. Kentucky Department of Education, "ARRA Funds Available for School Kitchen Equipment," news release, May 4, 2009; and Liz Bowie, "U.S. to Push School Funds," *Baltimore Sun*, June 9, 2009.
17. Tim Carpenter, "School Money Viewed Warily," *Topeka Capital-Journal*, March 8, 2009.
18. Tim Pugmire, "Pawlenty Uses Stimulus Money to Reverse Budget Cuts," Minnesota Public Radio, March 17, 2009.
19. Sam Dillon, "Some Rich Districts Get Richer as Aid Is Rushed to Schools," *New York Times*, March 21, 2009.
20. Office of the Alaska Governor, "Governor Palin Accepts Half of Stimulus Package Funds," news release, March 19, 2009.
21. U.S. Government Accountability Office (GAO), *Recovery Act: As Initial Implementation Unfolds in States and Localities, Continued Attention to Accountability Issues Is Essential* (Washington, DC: GAO, April 2009), 24.
22. Robert Faturechi, "Capitol Protest Targets Teacher Layoffs," *Sacramento Bee*, March 13, 2009; Nanette Asimov, "State Teachers to Rally against Cuts, Layoffs," *San Francisco Chronicle*, March 13, 2009.
23. Shawn D. Lewis, "Pontiac Teachers Ponder Next Move," *Detroit News*, March 11, 2009.
24. Charles S. Johnson and Mike Dennison, "Schweitzer Wants Stimulus on Fast Track," *Billings Gazette*, March 7, 2009.
25. Chris Christoff, "Michigan Schools Set to Win Big in Stimulus," *Detroit Free Press*, March 6, 2009.
26. Lisa Schencker, "Education Funding: Cuts Still Loom, but Stimulus Funds Helping," *Salt Lake Tribune*, March 4, 2009.
27. See U.S. Department of Education, *Guidance on the State Fiscal Stabilization Fund Program* (Washington, DC: Department of Education, April 2009); and U.S. Department of Education, *Application for Initial Funding under the State Fiscal Stabilization Fund Program* (Washington, DC: Department of Education, 2009). The other assurances required by states include maintaining current funding levels, developing baseline data on the reform issues, and providing a description of intended uses of funds.
28. U.S. Department of Education, *Guidance on the State Fiscal Stabilization Fund Program*, 23.
29. Arne Duncan, letter on the State Fiscal Stabilization Fund to governors and state chiefs, April 1, 2009, available at [www.ed.gov/programs/statestabilization/2009-394-cover.pdf](http://www.ed.gov/programs/statestabilization/2009-394-cover.pdf) (accessed June 18, 2009).
30. Kate Alexander, "Education Stimulus Funds in Question," *Austin American-Statesman*, March 31, 2009.
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